



The President's Daily Brief

17 July 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

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[REDACTED]

Paris, already irritated by what it regards as US collusion with the USSR on European issues, increasingly sees Washington as failing to accept responsibility for international monetary stability. (Page 2)

In South Vietnam, President Thieu reportedly has ordered tight controls over next month's Senate election campaign. (Page 3)

A nearly bloodless coup in Kabul apparently has returned Prince Daud, who led Afghanistan from 1953 to 1963, to power. (Page 4)

Heavy rains and wind in some of the Soviet Union's important winter grain areas have clouded prospects for a record crop. (Page 5)

Japan has indicated it will help finance exploration of the Yakutsk natural gas fields if the US will participate too. In the Middle East, [REDACTED] recommended that Japan avoid alignment with other oil importing countries. (Page 6)

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In Iraq, President Bakr and strongman Saddam Tikriti have taken steps to consolidate their positions and may be signaling a desire for improved relations with the West. (Page 7)

The North Vietnamese delegation to the Soviet Union departed yesterday apparently all but empty-handed. (Page 8)

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FRANCE

Paris, already irritated by what it regards as US collusion with the USSR on European issues, increasingly sees Washington as failing to accept responsibility for international monetary stability.

The French feel intensely their limited influence and what they characterize as European dependence on the US. Paris is particularly concerned that US failure to support the dollar could

--affect the competitiveness of French exports, hurting employment levels and general growth;

--force a unilateral float of the mark and thus set back development of a strong European monetary union;

--cause an unraveling of world trade, a breakdown of the monetary system, and growth of protective trade measures; and,

--increase domestic inflationary pressures in France.

The perceived threat to French interests has led Paris to focus its attention on trade matters, the only area in which it feels it can exert strong pressure on the US to support the dollar.

Economics and Finance Minister Giscard D'Estaing has stated that although he will attend the ceremonial opening of multilateral talks in Toyko this fall, he will not participate in actual negotiations as long as the present monetary disorder prevails. The EC has taken the position that it will have to take the monetary situation into account before implementing any agreements reached in the trade talks.

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

President Thieu, moving to strengthen his hand against his non-Communist opponents, reportedly has ordered tight controls over next month's Senate election campaign. Two of the four slates in the contest are government-sponsored. The independence of the other two is marginal, and Thieu intends to make it difficult for their candidates to reach the electorate effectively. He []

[] fear these candidates may take anti-government positions on the hustings and cut into the government's anticipated majority.

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The Senate is the only official body in which the non-Communist opposition has considerable strength. Since only half the seats will be at stake next month, the opposition will still have a voice, but it is sure to be a minority.

Thieu is pushing for as large a majority as possible, partly so that he can put through certain constitutional amendments, reportedly including abolition of the two-term presidential limit that would require him to give up his office in 1975.

The government also may be trying to improve its position in the labor movement. Tran Quoc Buu, who heads the country's main union, believes Thieu is recruiting labor support through the Democracy Party and eventually will create a new government union.

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AFGHANISTAN

A nearly bloodless coup in Kabul apparently has returned Prince Daud, brother-in-law of King Zahir, to power. Army units took over the capital early this morning, and some members of the royal family are in custody.

The 64-year-old Daud, who holds the army rank of lieutenant general, has proclaimed a republic which is now functioning under martial law and presumably will continue to be controlled by the military. In a radio broadcast this morning, he spoke harshly of Zahir's ten-year "experiment in democracy" and criticized the royal family for misusing its powers which, Daud claimed, had paralyzed the nation's economy. He announced that his government would follow Afghanistan's traditional non-aligned foreign policy.

Daud was prime minister and virtual dictator of Afghanistan from 1953 to 1963, when he was removed by Zahir. Although he turned to the USSR for large scale economic and military assistance, he appeared to be a strong nationalist.

Heavy Rains Slow Grain Harvest



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Heavy rains in early July

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USSR

Recent poor weather may cause substantial harvest losses in some important winter grain areas of the USSR, clouding prospects for a record crop.

Heavy rains and winds apparently flattened winter grain in large areas of the Ukraine, Belorussia, Moldavia, and the North Caucasus. According to a July 13 radio report from the Ukraine, for example, 2 1/2 million hectares were flattened--one third of the republic's winter grain area. As a result, the harvest will be delayed considerably.

Flattened grain is difficult to harvest without losses, and it retains much moisture which could ultimately reduce its quality. Moreover, delays in harvesting the crop--which is already mature--could cause it to overripen, spilling the grain on the ground and leading to further losses.

A succession of dry, sunny days could yet save the situation.

FOR THE PRESIDENT ONLY

JAPAN-USSR

The Soviet Union [redacted] is seeking up to \$150 million in foreign financing for exploration of the Yakutsk natural gas fields. The Soviets hope to have Japan and the US share equally in the financing. Tokyo has indicated that it will agree, provided the US does the same. A Soviet delegation now in Japan will visit the US soon to discuss the project, presumably with companies that have signed a preliminary agreement in Moscow.

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The Soviets claim that proven reserves of natural gas in the area total 300 billion cubic meters, and they estimate potential reserves at one trillion cubic meters. Moscow estimates that the total project will involve the investment of some \$3 billion by the US and Japan. In order for the project to be economically feasible, it will first be necessary to establish that a significant portion of the reserves are recoverable. Japan has cautioned that its provision of credit for exploration does not imply a commitment for the development of the fields.

* * *

While the Japanese want to cooperate with the US in Yakutsk, they may not in the Middle East.

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close cooperation with the US and the EC would be viewed by Middle Eastern oil producers as collusion directed against their interest and would be counterproductive for Japan.

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IRAQ

President Bakr and strongman Saddam Tikriti seem for the present to be working together and have taken steps to consolidate their position. Bakr's executive powers have been substantially increased, and purges of the ruling Baath Party and the country's security forces are still going on.

The Bakr-Tikriti regime may be signaling a desire for improved relations with the West. During an interview with Western correspondents last week, Tikriti said Iraq would like an early rapprochement with the UK and, to a lesser extent, the US. Baghdad also wants more Western participation in Iraq's economic development and is particularly interested in tapping Western oil technology.

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NOTE

North Vietnam - USSR: The North Vietnamese delegation to the Soviet Union departed yesterday apparently all but empty-handed. According to the final communiqué, the only agreements concluded were a provisional economic assistance pact and the cancellation of Hanoi's debts for previous economic aid. By contrast, during the delegation's visit to Peking, a formal aid pact was signed. Reflecting Soviet interest in improving relations with the West, the communiqué did not directly criticize the US and generally gave North Vietnam little in the way of moral support. Moscow did not join Hanoi in demanding that Washington and Saigon abide by the cease-fire agreements.

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